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THE POLITICAL CHALLENGE TO PETROLEUM ACTIVITY AROUND SVALBARD

GJERT LAGE DYNDAL

The petroleum industry has greatly increased its activities in the Arctic, and nations are eager to award new licences for further hydrocarbon exploration and exploitation. The European High North has become a sought-after region in this regard, and recent discoveries in the Hoop High fields and other areas along the edge of the maritime zone around the Svalbard archipelago have again created debate about the underlying judicial and political challenges that may spark international conflict. Gjert Lage Dyndal discusses the disputed status of the area and argues that the petroleum industry may prove central to a compromise solution.

The petroleum industry has increasingly looked to the High North during the last few decades, as global demand for energy has grown and as the Arctic ice cover has shrunk rapidly due to climate change, facilitating access to the resources that once lay beneath it. Moreover, energy companies are interested in the area because it is largely seen as politically stable and predictable – in contrast to the Middle East and North Africa.

While political disagreements do exist in the north, at the moment the negotiating environment is generally positive, framed by dialogue and co-operation. Nonetheless, it is important to understand the current and potential underlying political disagreements which could in the future give rise to conflict and may, in turn, hinder industrial development. Familiarity with the history of the region as well as the current social and strategic dynamics of the area will not only allow for a greater understanding of how conflicts may arise but also enable actors to recognise and respond to triggering events. Norwegian foreign and economic policy and politics

set the scene for the energy industry. However, the industry itself is also an important political actor on both the national and international scene.

The maritime areas surrounding Svalbard are disputed, and the main question is whether they should be regarded as part of the Norwegian mainland continental shelf or whether they should be regulated by the treaty concerning the archipelago of Spitsbergen signed on 9 February 1920, which became known first as the Spitsbergen Treaty and then as the Svalbard Treaty. The treaty gives Norway 'full and absolute sovereignty over the islands and their territorial waters';¹ it specifies that 'all parties of the Treaty shall enjoy equally the rights of fishing and hunting, including all commercial operations';² however, all of the above is 'subject to the observance of local laws and regulations'.³ Unlike Norway, most other countries support the view that the treaty regulates the area surrounding Svalbard. This question must be resolved before Norway can open it up for hydrocarbon exploration and exploitation. Although Norwegian

politicians publicly present this as an issue of environmental challenges and international law, in the background, a game of power, economic policy and commercial interests, as well as geopolitics, is underway.

The Norwegian approach to regulating the area between 1920, when Norway was awarded sovereignty of the Svalbard archipelago, through to the late 1960s can be labelled a 'non-policy', reflecting the fact that Norway largely focused on not provoking any international tension.⁴ This changed from the late 1970s and up to the mid-1990s, as Norway imposed several new regulations; however, it did little to control the activity in the area. From the late 1990s, by contrast, Norway has demonstrated a more offensive attitude. This has, in turn, led to several international incidents, most notably the *Elektron* incident of 2005,⁵ and the British decision to host a conference about the status of the area without inviting Norway, in 2006.⁶

The Norwegian government has no publicly stated strategy for solving the political challenge of extraction rights in



A view of a glacier from the helicopter carrying EU foreign-policy chief Catherine Ashton and Norway's foreign minister, Jonas Gahr Stoere, to a climate-research facility in Svalbard, Norway, March 2012. Courtesy of AP Photo/Scanpix Norway/Berit Roald.

the maritime areas surrounding Svalbard; instead, the topic is not officially considered to be up for negotiation. Norway's preferred, and possibly only, option has been to sit still and try to build a long-term legal claim for its rights to these resources. The Norwegian authorities appear to hope that the longer the Norwegian-designed political and legal framework remains in effect – mainly the Fisheries Protection Zone established in 1977 – the greater their chances of generating agreement and, eventually, customary law on the basis of their own perspectives.

Rather than just a judicial case, however, the issue of rights over the area is directly related to strategic interests and any decision has a decidedly political basis, with many actors involved, including Russia and the UK – perhaps the two main opponents of the Norwegian position – as well as the influential international petroleum industry. In all three countries, national policies are closely interwoven with domestic politics and core industries. Furthermore, over the past couple of decades the world has also witnessed

increased incidence of nationalisation of the petroleum industry – making political and industrial interests even more closely intertwined.

Given the above, this article proposes that the nations and industry involved in Arctic extraction together may contribute to solving the longstanding dispute over the status of the maritime area around Svalbard. Once sufficient economic interests are in play, and once the extent of the hydrocarbon deposits in the area is clear, the combinations of the two will likely provoke either conflict or hopefully lead to a compromise solution.

The Longstanding Political Challenge

The relevant early history starts with the Dutch explorer Willem Barents, who discovered the islands in 1596 and named the main island 'Spitsbergen'.⁷ The coastline was used by Dutch, English, Danish and Norwegian hunters, mainly for the production of animal oil in the sixteenth century, an industry which declined in the following century. Both England and the union of Denmark and Norway (which was in existence between

the fourteenth and sixteenth centuries) claimed Spitsbergen, while the Dutch argued for free access as part of the high seas.⁸ The issue of ownership was never resolved.

Historically, up to the agreement of the Svalbard Treaty in 1920, the area had been a *terra nullius* – a 'no man's land' – or, for business ventures, a *terra communis* – a 'free-for-all land'.⁹ As both national and private activities increased, however, the need for a regulatory system arose. Sweden and Norway, formally in a union between 1814 and 1905, first attempted to annex the islands in 1871 but this was prevented by Russia. When Norway gained independence from Sweden in 1905, Norway made several attempts to establish sovereignty over the islands (in 1910, 1912 and 1914), not least due to the growing national coal industry which saw potential in Svalbard.¹⁰ However, both Sweden – with support from the governments in Berlin, Paris and London – and Russia, the main countries party to the negotiations, rejected these attempts and suggested joint agreements in these discussions.¹¹

It was the First World War that brought change, and at the peace conference in 1919 Norway was granted sovereignty over the Spitsbergen archipelago – the islands between 10–35° East and 74–81° North, an area also known as the ‘Svalbard Box’.¹² This particular agreement stemmed from recognition of Norway’s losses during the war with regard to both shipping and industry. Furthermore – and probably more importantly from a balance-of-power perspective – none of the great powers wanted any of their rivals to have a foothold in the north. The solution was to give the sovereign rights to Norway and to attach a clause that the islands were not to be used for military purposes.¹³

The Concept of Continental Shelves

The meaning and impact of the Svalbard Treaty was questioned at various times after it was signed. While the Soviet Union agreed bilaterally to the treaty in 1924, and officially signed it in 1935,¹⁴ it later also challenged the status of the area in discussions held with Norway at different times throughout the Cold War.

The first true challenges to Norway’s understanding of the treaty came as a result of international efforts to define maritime continental shelves in the 1950s and 1960s. According to the 1958 Geneva Convention on the Continental Shelf (effective from 1964), nations were entitled to explore the resources contained within the maritime shelves extending from the mainland.¹⁵ During these discussions in the early 1960s Norway claimed that its continental shelf extended from the Norwegian mainland to the north of Svalbard. Norway also claimed a 4-nautical mile belt of territorial sea around the Svalbard islands – a claim which it extended to 12 nautical miles in 2004. Both of these claims, that the Norwegian mainland continental shelf went up to and even beyond Svalbard *and* in parallel the definition of territorial seas around the islands, were Norway’s attempt to limit the geographical provision of the Svalbard Treaty to an area smaller than the Svalbard Box.

Meanwhile, the continued efforts of the international community to define

continental shelves resulted in a system of Exclusive Economic Zones (EEZ) – with Norway establishing its own EEZ in 1976. A few months later, in 1977, Norway also established a Fisheries Protection Zone around the Svalbard islands. This zone extended to 200 nautical miles, limited by neighbouring countries to the east and west, and to Norway’s formal EEZ in the south. As suggested by its name, the zone *only regulated fishing* in the area, and not the resources under the ocean floor. Norwegian authorities regarded the maritime areas outside the Svalbard islands territorial waters fundamentally as Norwegian waters, based on the Norwegian mainland’s continental shelf. In creating a special ‘Fisheries Protection Zone’, it is likely that Norway was trying to limit international debate around its understanding of the treaty.

However, for the first couple of decades after the establishment of this zone, Norway did little to enforce its stipulations in the area. This changed from the late 1990s when, with the Cold War safely in the past, Norway initiated a clearly tougher regime of controls. Since then, numerous vessels have been taken into custody, and companies and nations have increasingly and vociferously objected to the Norwegian regime – with this opposition intensifying over the last decade.

Norway and International Disagreement

Norway is interested in securing control of the natural resources around Svalbard and has thus been actively promoting its interpretation of the legal framework and the Svalbard Treaty. Its communication, policy and politics have been built around the premise that the Svalbard Treaty should be read literally, and should thus be geographically limited to regulate the rights of exploration to the islands and their individual territorial waters.

The main question at stake is whether the maritime areas beyond the 12-nautical mile zone around the Svalbard archipelago are to be regarded as part of the Norwegian continental shelf, and thus an extension of Norway’s EEZ (which, in relation to resources on the ground, may extend as far as 350 nautical miles from the shoreline), or

whether Svalbard has a continental shelf and an EEZ of its own and should thus benefit from ‘equal rights to exploration’ and ‘less taxation’, as stipulated by the Svalbard Treaty. The position held by Norwegian officials since 1963 is that the Norwegian mainland continental shelf extends up to and beyond Svalbard, all the way to approximately 84.30° North. This argument makes Svalbard island a special legal case, because it claims that the island does not have the right to a continental shelf of its own.¹⁶ This was first officially noted in a Royal Decree of 25 September 1970, followed in 1974 by a White Paper which stated that ‘Norway has sovereign rights to these areas, independent of the Svalbard Treaty’.

The most significant critiques of the Norwegian position have come from Russia, the UK, Iceland and Spain, although other nations have also raised concerns.

Russia has been primarily concerned with Norwegian and potentially NATO military use of the islands, but also with Norway’s increased focus on environmental protection (specifically, the implementation of the Svalbard Environmental Protection Act of 2001) and the Fisheries Protection Zone regime.¹⁷ Further, Åtland and Pedersen also argue that Russia sees itself as a ‘privileged party to the treaty’ as the islands are part of the common Norwegian-Russian continental shelf, and Moscow views the Fisheries Protection Zone as something that applies only to third parties. Russia has on several occasions proposed a joint Norwegian-Russian regulatory system for the area.¹⁸ However, Norway has stayed with its understanding of the treaty text and international law. Despite many disagreements over the regime however, the two countries have generally had good experiences with the Joint Russian-Norwegian Fisheries Commission since its establishment in 1974. Today Russia communicates a dualistic view, arguing in favour of both the special Russo-Norwegian relationship (which includes joint regulatory regimes) and a ‘high seas’, open-to-all perspective. Russia has also argued that the treaty regulations should apply to petroleum blocks in the entire Svalbard Box area, not just the

islands and their territorial waters, as argued by Norway.¹⁹

The UK, and to a lesser degree also France, West Germany and the US have since the 1970s been in opposition to Norway's so-called 'Continental Shelf Doctrine', as already articulated in their 1978 'Consensus Declaration'.²⁰ In the mid-1980s, British politicians continued to argue that Svalbard's rights should extend to the island's own continental shelf (rather than being limited to its territorial waters – just 12 nautical miles).²¹

Iceland and Spain have in many instances over the last two decades proved to be significant practical opponents of the Fisheries Protection Zone, and have been involved in several incidents which have resulted in prosecution in Norway. Most notably, there were two instances in 1994 involving Icelandic vessels, under a Belize flag, and one of these vessels was fired upon, using cold-grenades, by the Norwegian Coast Guard. Similar incidents took place in 2004 with Spanish trawlers. All of these cases were taken to court.²² Both countries have threatened to refer the case to the International Court of Justice, but have refrained from doing so so far.

In 2005, Norway made concerted bilateral efforts to promote its position with the US, the UK, Germany, France, Canada and the EU through the 'High North Dialogues' or the 'Northern Dialogues' (*'nordområdedialogene'*). However, these dialogues may have backfired, resulting in increased co-ordinated opposition by the EU, the UK and others.²³ The extent of their opposition was demonstrated when the UK arranged an international conference on the Svalbard issue in June 2006 without inviting Norway. Since then, there have been very few official statements regarding, or plans for, the Svalbard region. While the public debate has gone quiet, however, diplomacy continues and the issue remains contested.

Hydrocarbon Exploration: A Political Question

The first attempt to search for gas at Svalbard was made by British company the English Northern Petroleum

Syndicate in 1920 in Green Harbour. The next period of petroleum activity came in the early 1960s, first with the American oil company Caltex in 1961,²⁴ and then when a French oil company indicated its interest in exploring the shelf in 1964.²⁵ Neither the early attempts nor the later ones found any significant deposits.²⁶ In 1985 Norway announced the opening of areas up to 74.30° North for exploration, thus part of the Svalbard Box which starts at 74° North. This sparked international protests, especially from the Soviet Union and the UK. Norway went forward with establishing the petroleum-block area 'Barents Sea South' to 74.30° North; however, it did not award blocks north of the 74° North line. As described by Rolf Tamnes and later repeated by Torbjørn Pedersen, this was probably 'a test of other states'.²⁷ More recently, Russian company MAGE was granted permission to conduct hydrocarbon exploration on the shelf around Svalbard in 2002. However, while Norway gave its approval for scientific research, MAGE used a commercial vessel to undertake the work and the Russian authorities did not share the results of this exploration as the Norwegians had expected.²⁸ This created mistrust both on a political level and in terms of scientific co-operation.

This hints at the greater challenge for Norway that, should the maritime areas around Svalbard come to be regarded as part of the Svalbard Treaty, this will greatly limit the country's ability to create an advantageous taxation system, consequently giving it no economic incentive to open up the area for further exploration. Should Norway choose, or be forced, to accept that the maritime areas surrounding the islands are covered by the Svalbard Treaty, it will have to give its own citizens and companies of the signatory nations equal rights to the resources, and any taxation it might wish to impose cannot exceed the funds required for the administration of Svalbard.

States and the 'Oil-Industry Complex'

When the Norwegian Labour Party, together with the smaller Socialist Left Party and Centre Party, won the parliamentary election in 2005, it made

the 'Declaration of Soria Moria'. This included a revised and strong policy focus on the High North, particularly in relation to security – with the aim of encouraging NATO to pay increased attention to Northern Europe – and industry.²⁹ This can only be fully understood in light of the close ties which exist between the industry and political parties in Norway.

Norway established the state oil company Statoil in 1972, with the intention that it would also be a political tool for building support for Norwegian public and private interests among the oil businesses operating in the Norwegian areas.³⁰ The company effectively became the adviser to government bodies in relation to competing companies, and in return the state allocated large portions of the most promising oil fields under its jurisdiction to its own company.³¹ According to former Norwegian Prime Minister Kåre Willoch, Statoil was effectively led by Norway's politicians,³² although the group's strong position within the industry was challenged in the early 1980s when large parts of it were privatised. However, Statoil itself was not privatised until 2001, with the Norwegian state today holding approximately 68 per cent ownership.³³ Additionally, Norway retains its traditional preference for 'rights of reversion' – meaning that rights are only given temporarily. In short, Norway continues to benefit from a great tradition of close co-operation and links between the industry, the unions, and the politicians and bureaucracy.³⁴

A parallel, important international development in the last few decades has been the growing nationalisation of the petroleum industry around the world, either directly by law and taxation or by increased government involvement in and ownership of the companies involved. In the 1970s, approximately 80 per cent of the oil and gas companies were privately owned Western corporations.³⁵ The industry was dominated by the so-called 'Seven Sisters'.³⁶ Today, this has been reversed and national oil companies (NOCs) control approximately 80–90 per cent of the market.³⁷ National policy and politics thus become closely intertwined with the wider industry's strategies and agreements, and it will most likely have consequences, as noted by Robert Pirog

in an August 2007 report for the US Congress:³⁸

Oil-producing nations seem to be displaying an ever more nationalistic attitude towards their natural resource endowments, and the national oil companies are viewed as custodians of the resource. If there is opposition to U.S. foreign policy objectives, or if there is a more general negative reaction to the spread of global markets and private industry, nationalization of oil resources and transference to the national oil company is likely one of the most direct ways to make a political statement.

US scepticism was likely directly influenced by the Venezuelan nationalisation of its industry which had been completed in May of that year, as well as the enduring cultural strength of the belief in private enterprise. Developing oil nations around the world, on the other hand, have opted for nationalisation from the start. Pirog is probably right in his observation that 'it is likely that the objective for many national oil companies, as well as the characteristics of their operations, differ from companies in the private sector of the oil industry'.³⁹ Other analysts share this view, with Matthew E Chen and Amy Myers Jaffe stating that 'Many Governments use NOCs as a tool to achieve wider socio-economic policy objectives, including income redistribution and industrial development'.⁴⁰

In the Norwegian case, shortly after the 'Soria Moria' political programme was established, the government sealed several agreements with industry. In 2007, StatoilHydro was invited to participate in the development of the Shtokman gas field in the Barents Sea, following successful efforts to resolve the dispute with Russia over the area. Indeed, in September 2010, the two countries agreed a Delimitation Treaty in Murmansk, reflecting their eagerness to survey the area for hydrocarbon resources. A 'Barents 2020' report, written by Arve Johnsen, a former longstanding and influential CEO of Statoil, was published by the Norwegian Foreign Ministry in 2006.⁴¹ In these examples alone, the close relationship between politics and industry is clear to see.

Norway as a Responsible Environmental Actor

As political discussions on whether Norway should open up new areas in the greater High North for hydrocarbon exploration continue, a parallel debate is ongoing on special environmental challenges related to the Svalbard archipelago and the wider northern maritime areas.

A possible solution for the Norwegian politicians may be to prioritise the environmental issues in those areas surrounding Svalbard. The environmental debate encompassing the controversial question of exploration in the Lofoten Islands, Vesteraalen and Senja areas may well influence the discussions about defining large areas surrounding Svalbard as nature reserves and seeking their designation as UN World Heritage sites. There are great fears that oil and gas activity in the greater Lofoten area would threaten the world's largest cod stock, the world's largest cold water coral reef and mainland Europe's biggest seabird colony.⁴² If the Svalbard area is ultimately only of little economic value to Norway, the solution may come in the form of a national political trade-off with the Lofoten case. As noted by Hans Henrik Ramm, a former senior adviser to the Norwegian Ministry of Petroleum and Energy and now an analyst and consultant for the oil industry, the establishment of new nature reserves off the coast of Svalbard will largely hinder future exploration in the area.⁴³

Norway's conservative coalition government elected in October 2013 has already halted the exploration of the Lofoten region, while at the point of writing no concrete political discussions or decisions have been undertaken with regards to the maritime areas around Svalbard. However, the new government is expected to remain at least as aggressive regarding the exploration of the Arctic as its predecessor.

The Challenge is Political, and the Industry is a Player

The Norwegian government has found it difficult to generate international acceptance of its interpretation of the Svalbard Treaty and its relevance to those

maritime areas more than 12 nautical miles from the islands. This constitutes a political challenge, with both security and industry-related consequences. Even though the early exploration of this disputed area may lead to crisis and conflict, the prospects of successful exploitation may also positively contribute towards a compromise solution.

Should the treaty apply to this area, all signatory parties should have equal rights to the resources, and Norway would probably not be able to benefit economically from bidding and taxation on the activity – the latter would have to be kept at no more than the level needed for the administration of Svalbard. This is in great contrast to the 78 per cent (approximately) Norway gets from taxation on petroleum activity in its accepted EEZ. It would not be in Norway's interest to open up the areas around Svalbard to oil and gas exploration if international disagreement leads to a non-profit regime for the Norwegian state. Instead, it could, in line with the Svalbard Treaty – impose laws and effectively prohibit any such activity by imposing environmental-preservation measures.

Meanwhile, the petroleum industry is an influential political actor in its own right, and due to the close political-industrial relationship in most nations with interests in the area; it may become a critical actor by helping to 'bridge' the international dispute through multinational co-operation. The principal petroleum industry companies, linked to the more powerful nations, may well facilitate agreement on the more sensitive international political issues. The states and the petroleum industry should work together for beneficial agreements regarding taxation on licences and production.

For those hoping for exploration, and for those hoping for a political solution to the disagreements over the status of the area, industry may be a crucial part of the solution. Closely interwoven with national politics, the industry has the potential to influence domestic politics, to support diplomacy at the international level, and to promote alternative and compromise solutions to

the question of taxation. These issues are important for finding an overarching solution. Positive dialogue and efforts towards a political agreement, most likely a compromise, will further decrease the prospects of this becoming an area of conflict between interested nations. ■

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several studies on historical and contemporary issues regarding challenges in the High North, and for a short period worked as a Principal Researcher for Statoil, within its Arctic programmes.

Notes

- 1 The Svalbard Treaty of 1920, Article 1.
- 2 *Ibid.*, Article 2.
- 3 *Ibid.*, Article 3.
- 4 Kristoffer Bjørklund, 'Norwegian Oil Policy on Svalbard; The Caltex Case 1960–67', Norwegian Institute for Defence Studies, No. 1, 2009, p. 105.
- 5 The 'Elektron incident' in the Fisheries Protection Zone of Svalbard in October 2005 heightened the tension between Norway and Russia. A Russian trawler, the *Elektron*, resisted arrest when caught fishing illegally by the Norwegian Coast Guard. *Elektron* took off from its pursuers and headed for Russian territorial waters. A great number of Norwegian forces pursued the escaping vessel, and Russia's Northern Fleet was mobilised in turn. The *Elektron* escaped the Norwegian forces when it crossed the border and was escorted by Russian warships to Russia. For details see Kristian Åtland, 'When Security Speech Acts Misfire: Russia and the "Elektron" Incident', *Security Dialogue* (Vol. 40, No. 3, 2009).
- 6 See, for instance, Håvard Figenschou Raaen, 'Hydrocarbon and Jurisdictional Disputes in the High North', Fridtjof Nansen Institute Report, No. 1 1/2008.
- 7 In Scandinavian literature, the islands are named Svalbard (meaning 'Cold Coastline'), a name originating back to Icelandic texts of the thirteenth century. A sixteenth-century Dutch explorer named it 'Spitzbergen', after the shape of the mountains. Since 1920, Norway has labelled the group of islands as Svalbard.
- 8 Torbjørn Pedersen, 'The Svalbard Continental Shelf Controversy: Legal Disputes and Political Rivalries', *Ocean Development and International Law* (Vol. 37, No. 3–4, 2006).
- 9 Olav Riste, *Norway's Foreign Relations – A History* (Oslo: Universitetsforlaget, 2001), p. 115; Bjørklund, 'Norwegian Oil Policy on Svalbard', p. 14.
- 10 Rolf Einar Fife, 'Svalbard and the Surrounding Maritime Areas', Norwegian MoD official information, last updated April 2013, <www.regjeringen.no/en/dep/ud/selected-topics/civil--rights/spesiell-folkerett/>, accessed 14 March 2014.
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- 12 The treaty between Norway, the United States, Denmark, France, Italy, Japan, the Netherlands, Great Britain and Ireland and the British Overseas Dominions and Sweden concerning Spitsbergen was signed in Paris on 9 February 1920.
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- 14 Fife, 'Svalbard and the Surrounding Maritime Areas'.
- 15 Torbjørn Pedersen, 'The Dynamics of Svalbard Diplomacy', *Diplomacy and Statecraft* (Vol. 19, No. 2, 2008).
- 16 Fife, 'Svalbard and the Surrounding Maritime Areas'.
- 17 Kristian Åtland and Torbjørn Pedersen, 'The Svalbard Archipelago in Russian Security Policy: Overcoming the Legacy of Fear – or Reproducing It?', *European Security* (Vol. 17, No. 2–3, 2008).
- 18 Pedersen, 'The Dynamics of Svalbard Diplomacy'.
- 19 *Ibid.*
- 20 Rolf Tamnes, *Oljealder 1965–1995* (Oslo: Universitetsforlaget, 1997), p. 314.
- 21 Pedersen, 'The Dynamics of Svalbard Diplomacy'.
- 22 Lars Fause, 'Vernesonen ved Svalbard: rettslig fundament og håndhevelse' ['The Fisheries Protection Zone around Svalbard: Judicial Foundation and Control Regime'], pp. 270–71; in Gjert Lage Dyndal, *Strategisk ledelse i krise og krig [Strategic Leadership in Crisis and War]* (Bergen: Fagbokforlaget, 2010).
- 23 *Ibid.*
- 24 Raaen, 'Hydrocarbon and Jurisdictional Disputes in the High North'.
- 25 Pedersen, 'The Dynamics of Svalbard Diplomacy'.
- 26 Svalbard Museum, 'Drilling for Gas and Oil', <www.svalbardmuseum.no/eindex.php?id=30&kategori=4>, accessed 18 March 2014; Ministry of Justice and Public Security, 'Svalbard', Report No. 9 to the Storting, <www.regjeringen.no/en/dep/jd/documents-and-publications/>, accessed 18 March 2014.

- 27 Pedersen, 'The Dynamics of Svalbard Diplomacy'.
- 28 Pedersen, 'The Svalbard Continental Shelf Controversy'; Raaen, 'Hydrocarbon and Jurisdictional Disputes in the High North'.
- 29 Raaen, 'Hydrocarbon and Jurisdictional Disputes in the High North', p. 14.
- 30 Francis Sejersted, 'Petroleumsvirksomheten som drivkraft i samfunnsutviklingen' ['The Petroleum Industry as a Driver of Society'], conference paper for 'Olje og makt', 2002, <<http://www.sv.uio.no/mutr/publikasjoner/rapporter/rapp2003/rapport56/>>, accessed 9 April 2004.
- 31 Kåre Willoch, 'Oljemakt på hjemmebane – myter om oljepolitikken' ['The Power of the Oil Industry – Myths about the Politics'], conference paper for 'Olje og makt', 2002.
- 32 *Ibid.*
- 33 Statoil website, <<http://www.statoil.com/no/investorcentre/share/shareholders/pages/stateownership.aspx>>, accessed 18 March 2014.
- 34 For more on this, see Jens Arup Seip, *Fra embetsmannsstat til ettpartistat og andre essays* [From Officialism to One-Party State and other Essays] (Oslo: Universitetsforlaget, 1963); Edvard Bull, *Norgeshistorien etter 1945* [Norwegian History after 1945] (Oslo: Cappelen, 1982); Francis Sejersted, *Systemtvang eller politikk om utviklingen av det oljeindustrielle kompleks i Norge* [Defined Bureaucratism or Politics about the Development of the Oil-Industry Complex in Norway] (Oslo: Universitetsforlaget, 1999).
- 35 Raaen, 'Hydrocarbon and Jurisdictional Disputes in the High North'; Robert Pirog, 'The Role of National Oil Companies in the International Oil Market', CRS Report for Congress, 21 August 2007.
- 36 The 'Seven Sisters', a term created by Enrico Mattei (then-head of ENI) in the 1950s, included: Anglo-Persian Oil Company (UK); Gulf Oil (US); Royal Dutch Shell (the Netherlands and UK); Standard Oil of California (US); Standard Oil of New Jersey (US); Standard Oil of New York (US); and Texaco (US).
- 37 Raaen, 'Hydrocarbon and Jurisdictional Disputes in the High North'; Pirog, 'The Role of National Oil Companies in the International Oil Market'; the *Financial Times* has famously labelled some of these NOCs as the 'New Seven Sisters': China National Petroleum Corporation; Gazprom (Russia); National Iranian Oil Company; Petrobras (Brazil); PDVSA (Venezuela); Petronas (Malaysia); and Saudi Aramco. See Carola Hoyos, 'The New Seven Sisters: Oil and Gas Giants Dwarf Western Rivals', *Financial Times*, 12 March 2007.
- 38 Pirog, 'The Role of National Oil Companies in the International Oil Market', p. 4.
- 39 *Ibid.*, p. 5.
- 40 Matthew E Chen and Amy Myers Jaffe, 'Energy Security: Meeting the Growing Challenge of National Oil Companies', *Whitehead Journal of Diplomacy and International Relations* (Summer/Fall 2007).
- 41 Raaen, 'Hydrocarbon and Jurisdictional Disputes in the High North', p. 3.
- 42 The WWF has been the leading voice for this scepticism in Norwegian politics and public debates. See, for instance, *WWF Global*, 'Cod, Coral and Seabirds Protected from the Threat of Oil', 4 October 2013, <<http://wwf.panda.org/?211092/Cod-coral-and-sea-birds-protected-from-the-threat-of-oil>>, accessed 20 March 2014.
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An Uncertain Future Regional Responses to Iran's Nuclear Programme

The Iranian nuclear crisis is not new, but the context in which it now unfolds increasingly is. Even though an interim deal has been struck, its implementation is not guaranteed; a next, more comprehensive settlement may be some way off; and states in the region, including Saudi Arabia, Israel and the Gulf states, remain highly suspicious of Iranian intentions. While tensions have been reduced, the spectre of a nuclear Iran remains.

This Whitehall Report is based on fieldwork in the greater Middle East, including over forty interviews of political, diplomatic and military elites. It assesses regional responses to the broad process of Iranian nuclearisation as it unfolds under historically exceptional circumstances. It does not assume that Iran will develop nuclear weapons, but explores how regional powers might respond if it does do so.

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